

Economic and Fiscal Impact Statement
Qualified Applicator Licensing and Certification Subcategories

ECONOMIC IMPACT

B. Estimated Costs

Table 1: Total Statewide Dollar Costs Over Lifetime Subcategory P & Q (see document entitled “Economic Analysis for Subcategory P & Q Regulation” dated 11/23/09)

Subcategory	Certificate/License Type	Total Number	Total Cost	Subtotal for Subcategory
Subcategory P	Winery employees--QAC	800	\$748,000	\$798,500
	Winery pest control businesses--QAL	25	\$27,375	
	Winery pest control business licenses	25	\$23,125	
Subcategory Q	Maintenance gardeners (MGs)--QAC	1,000	\$885,000	\$1,410,000
	MG pest control business licenses	1,000	\$525,000	
Grand Total				\$2,208,500*

***Wine industry 36% share and MGs 64% share**

Initial Cost for Wineries:

- Minimum (QAC only): \$275
- Maximum (QAL + business license): \$315 (QAL) + \$185 (business license)= \$500

Initial Cost for MGs

- QAC + business license: \$225 + \$105= \$330

Annual Ongoing Cost for Wineries:

- Minimum (QAC only): \$165
- Maximum (QAL + business license): \$195 + \$185= \$380

Annual Ongoing Cost for MGs:

- QAC + business license: \$165 + \$105= \$270

C. Alternatives to Regulation: Status Quo (Do not establish subcategories P & Q)

Without this regulation, winery employees and pest control businesses would need to obtain certification/licensing in category A and maintenance gardeners would need to obtain certification in category B. The cost of obtaining a business license for both entities does not change.

Table 2: Total Statewide Dollar Costs Over Lifetime (Status Quo)

Category	Certificate/License Type	Total Number	Total Cost	Subtotal for Subcategory
Category A	Winery employees--QAC	800	\$958,000	\$1,015,063
	Winery pest control businesses--QAL	25	\$33,938	
	Winery pest control business licenses	25	\$23,125	
Category B	Maintenance gardeners (MGs)--QAC	1,000	\$1,197,500	\$1,722,500
	MG pest control business licenses	1,000	\$525,000	
Grand Total				\$2,737,563

FISCAL IMPACT

A. 6. Fiscal Effect on Local Government

Table 3: Expected Total Statewide County Revenue Generated From Increases in Business Licenses

Fiscal Year	Revenue
FY 2010-2011	232 additional applications x \$25 per application= \$5,800
FY 2011-2012	464 additional applications x \$25 per application= \$11,600
FY 2012-2013	696 additional applications x \$25 per application= \$17,400

Assumption: A total of 1,025 business applications will be received statewide over five years, or an average maximum of approximately 18 applications per county (1,025 applications ÷ 58 counties). However, it is expected that applications will be phased in over time. For the purposes of this estimate, we assume 4 new applications will be received per county per year, until the maximum of 18 is reached. Therefore, the statewide total would amount to 232 (58 counties x 4 applications) for FY 2010-2011, 464 (58 counties x 8 applications) additional applications for FY 2011-2012, and 696 (58 counties x 12 applications) additional applications for FY 2010-2013, until a total of 1,025 is reached during FY 2014-2015.

B. Fiscal Effect on State Government

The proposed regulation is expected to generate revenue for DPR based on an increase in QAC/QAL application fees, QAC/QAL renewal fees, business license fees, business license renewal fees, exam fees, and CE accreditation fees. DPR does not generate revenue from reporting and recordkeeping requirements. Fee structure available at <http://www.cdpr.ca.gov/docs/license/fees.pdf>.

DPR also expects to incur expenditures to administer this regulatory change. The net impact of the regulation will be to increase DPR's costs (See Table 5, pg. 5).

Expected Revenue

Estimated Increases for Subcategory P:

800 new QACs

25 new QALs

25 new MG pest control business licenses

Estimated Increases for Subcategory Q:

1,000 new QACs

1,000 new pest control business licenses

Total Increases:

1,800 new QACs

25 new QALs

25 new pest control business licenses

1,000 new MG pest control business licenses

Total 2,850 new licenses/certificates

Exams: 825 subcategory P exams + 1,000 subcategory Q exams = 1,825 exams

CE accreditation: Estimated increase in CE courses per year needing DPR accreditation: 331 courses (11.4% estimated increase from projected 2,900) @ \$45 per course = **\$14,895 per year**

Table 4: Expected State Revenue Generated From Increases in Applicants

Activity	Cost of 2,850 new applicants	Cost of 2,850 renewals per 2 year cycle
QAC Application Fee	\$40 x 1,800 = \$72,000	0
QAC Renewal Fee	0	\$60 x 1,800= \$108,000
QAL Application Fee	\$80 x 25= \$2,000	0
QAL Renewal Fee	0	\$120 x 25=\$3,000
Exam Fee P	\$100 x 825= \$82,500	0
Exam Fee Q	\$50 x 1,000 = \$50,000	0
Business License Fee P	\$160 x 25= \$4,000	0
Business License Renewal Fee P	0	\$320 x 25=\$8,000
MG Business License Fee Q	\$80 x 1,000= \$80,000	0
MG Business License Renewal Fee Q	0	\$160 x 1,000=\$160,000
TOTAL REVENUE	\$290,500	\$279,000 or approximately \$98 per renewal

Note: Renewals are split into two groups. Beginning Year 2, half of the Year 1 applicants will need to renew.

FY 2010 - 2011: $\$290,500/5 = \$58,100$ (for 570 new licenses/certificates per year)
+ \$14,895 for CE accreditation = **\$72,995**

FY 2011 - 2012: $\$58,100$ (for 570 new licenses/certificates) + $\$27,930$ (285 renewals x \$98) + \$14,895 = **\$100,925**

FY 2012 - 2013: $\$58,100$ (for 570 new licenses/certificates) + $\$55,860$ (285 renewals from Year 1 + 285 renewals from Year 2 x \$98) + \$14,895 = **\$128,855**

Based on an increase in 570 new licenses/certificates per year up until Year 5, peak revenue will be generated in Year 5 at \$184,715.

Expected Expenditures

Total Increases:

Licenses/Certificates:

- 1,800 new QACs
- 25 new QALs
- 25 new pest control business licenses
- 1,000 new MG pest control business licenses
- Total: 2,850 additional licenses/certificates

Exam Administration:

- 825 subcategory P exams
- 1,000 subcategory Q exams
- Total: 1,825 exams

Additional Activities:

- Accredited 331 additional CE courses; facilities rental; travel; printing; renewing study guides; schedule, proctor, and grade exams; and database management

Current workload and expenditures:

Current licenses/certificates issued/renewed per year: 15,000

Current cost of all Licensing and Certification Activities: \$2.1 million

Anticipated increase in workload:

Additional licenses/certificates issued over lifetime (5 years): 2,850 (570 per year)

Beginning Year 5, workload would amount to 570 new licenses/certificates and 1,140 renewals (from Years 1-4) for a total of 1,710 applicants + additional exam administration and other associated activities.

Estimated increase in workload: $1,710/15,000 = 11.4\%$

11.4% increase in workload would amount to approximately **\$239,400 for Year 5** (using current budget of \$2.1 million)

The increase in workload would be gradual for the first 5 years assuming there are 570 additional licenses/certificates issued each year until lifetime (5 year) total met.

FY 2010 – 2011 would amount to:

$\frac{570 \text{ additional licenses/certificates}}{15,000 \text{ licenses}} = 3.8\% \text{ increase in workload or } \$79,800$

FY 2011 - 2012: 570 additional licenses/certificates + 285 renewals = 855/15,000 = 5.7% increase in workload or **\$119,700**

FY 2012 - 2013: 570 new licenses/certificates + 570 renewals = 1,140/15,000 = 7.6% increase or **\$159,600**

Table 5: Expected Revenue and Expenditures

Fiscal Year	Expected Revenue	Expected Expenditure	Net Cost to DPR
FY 2010 - 2011	\$72,995	\$79,800	\$6,805
FY 2011 - 2012	\$100,925	\$119,700	\$18,775
FY 2012 - 2013	\$128,855	\$159,600	\$30,745

Note: DPR's expected revenue for these regulations will very nearly offset DPR's anticipated increase in expenditure. The expected revenue will support a budget change proposal that will be necessary to authorize expenditure of revenues and to accommodate the increase in workload as the regulation becomes fully implemented.